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MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson  
*for* Director  
Utilities Division

DATE June 21, 2004

RE: STATUS REPORT- IN THE MATTER OF THE APPLICATION OF BEAVER VALLEY WATER COMPANY APPLICATION FOR THE SALE OF ASSETS AND TRANSFER OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-02015A-03-0724)

AZ CORP COMMISSION  
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On October 1, 2003, Beaver Valley Water Company ("Beaver") filed for Commission approval of its sale of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") as required in Decision No. 66388 (October 6, 2003).

On October 15, 2003, Utilities Division Staff ("Staff") informed Beaver that the application was insufficient for administrative purposes. Beaver had not evidenced the terms of the sale. In addition, purchaser had not provided evidence of the ability to operate the public service corporation.

On December 9, 2003, Staff received a letter from Mr. Edgar Delaney indicating that he was the previous co-owner of the stock of Beaver and that all of the outstanding stock was sold to Mr. Davoren on January 29, 2003. However, in Decision No. 55705 (August 26, 1987), Beaver sought and obtained Commission approval to change from a corporation to partnership. No explanation or documentation has been provided concerning the legal status of Beaver.

On December 23, 2003, Staff prepared its Engineering Report in this matter and found that Beaver had monitoring and reporting deficiencies and was not in compliance with the Arizona Department of Environmental Quality ("ADEQ").

As of June 21, 2004, Staff is unable to recommend approval of an application as the applicant is not in compliance with ADEQ. Staff has repeatedly informed Beaver that it must be in compliance with ADEQ. To date, Staff has not received a report of Beaver's compliance with ADEQ.

Arizona Corporation Commission  
**DOCKETED**

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Beaver Valley Water Company  
Docket No. W-02015A-03-0724  
Page 2

Due to an apparent routing error, Staff was provided a copy of the Administrative Law Judge's Procedural Order of June 3, 2004, on June 21, 2004, which required Staff to file a Status Report in this matter by June 17, 2004. It is Staff's intent that in the event Beaver is able to evidence: (1) compliance with ADEQ; (2) purchaser's ability to operate the system; and (3) its legal status at the time of sale and the sale's contract, Staff will recommend approval of the application.

Staff has requested the Company to provide these materials by July 30, 2004. In the event the Company fails to provide the required materials, Staff will seek administrative closure of this docket.

EGJ:JEF:lhbm

Originator: Jim Fisher

cc: Brian K. Bozzo, ASO II

SERVICE LIST FOR: Beaver Valley Water Company  
DOCKET NO. W-02015A-03-0724

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